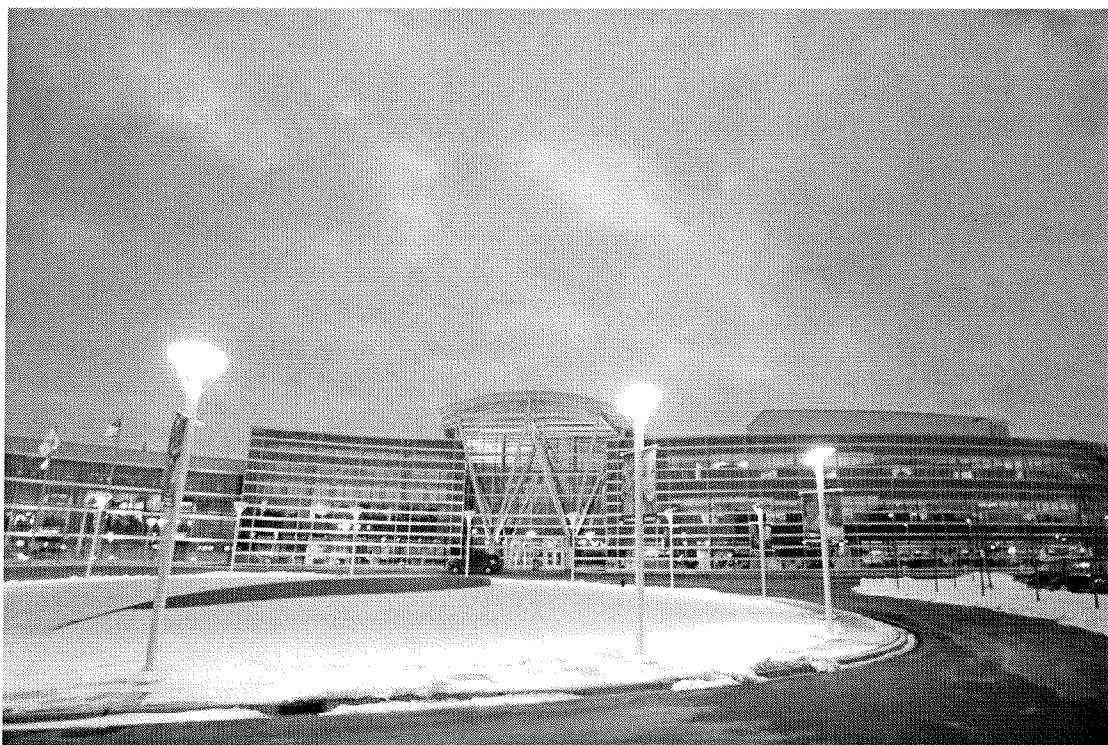


REFORMING MICHIGAN'S INTERMEDIATE SCHOOL DISTRICTS 1829-2004



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The New Oakland Intermediate Schools building in Waterford, MI. Courtesy of Romain Blanquart/*Detroit Free Press*.

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EXECUTIVE SUMMARY

Since the state's territorial days, intermediate school districts have been a vital component of Michigan's public school system. Over the ensuing years, debate therefore has not focused so much on the appropriateness of the educational body, but on whether or not its geographical boundaries should be reorganized. Traditionally, those opposed to reform argue that small intermediate districts preserve local control. In contrast, advocates contend that larger districts would serve larger numbers of pupils at less financial expense. At no time in the state's history was this issue more debated than during the Milliken administration. Over the span of 15 years, several reports recommended massive ISD reorganization and the Legislature debated numerous bipartisan bills to implement the reports findings. Other than reorganization, the most controversial facet of intermediate districts historically has been whether or not board members should be popularly elected or be chosen by constituent boards. By 1980, with the Legislature dead-locked over ISD reorganization, the seemingly intractable issue faded from public discussion. In the wake of the 2002 Oakland Intermediate School District scandal, not only were the pitched discussions over reorganization and the popular election of board members revived, but the parameters of the debate were significantly broadened to include school board accountability. In 2004, the Legislature enacted the Accountability 101 and Accountability 102 packages. The former dealt with ISD board election reforms and an overhaul of competitive bidding practices. Accountability 102 converged on random performance audits; state millage oversight; misuse of public money; salary, expense account, and outside contract disclosure requirements; and conflict of interests regulations.

INTRODUCTION

Michigan invested more than \$11 billion in K-12 education in Fiscal Year (FY) 2003-04, which is more than 40 percent of the entire state budget. Despite recent budget shortfalls, K-12 education funding increased four percent from FY 2002-03. Of this amount, \$1.5 billion is appropriated directly to ISDs. According to the National Education Association, Michigan ranked 4th in the nation in state K-12 education funding in 2003-04. Critics of state educational spending, however, contend that too much funding fails to reach the classroom. For the 2000-2001 school year, the National Center for Education Statistics ranked Michigan 43rd in the nation with 58 percent of every tax dollar collected for elementary and secondary education making its way to the classroom. Critics also argue that school boards are not held fully accountable for how members allocate revenue. Following the OISD scandal, many lawmakers, school administrators, and parents called for reforming ISD operations and procedures. In 2003-04, the findings of the House Subcommittee on Intermediate School District Review, which was granted subpoena powers to investigate the OISD, led to the introduction of twenty-three bills, targeting ISDs that lacked focus, wasted taxpayer money, and failed to direct revenue to the classroom.¹ After considerable debate, the Legislature enacted nine acts comprising the Accountability 101 and Accountability 102 packages. The acts seek to provide troubled districts with the tools to solve their management problems while assisting otherwise well-performing ISDs to do a better job.

CREATION OF THE THREE-TIER PUBLIC EDUCATION SYSTEM

Michigan's present three-tier public education system was established by 1829, several years prior to statehood. In 1827, the Legislative Council of the Michigan Territory passed the first public school law, giving township trustees the power to certify teachers, inspect schools, and, if sanctioned by voters, to divide the township into school districts. Under such circumstances, each district elected three trustees to manage schools. Two years later, the three-tier system was complete after the Legislative Council created the Office of the Superintendent of Common Schools, whose task it was to report to the council on all matters relating to school conditions. Pursuant to the 1835 Constitution, this position was renamed the Superintendent of Public Instruction. In 1837, the Legislature codified the three-tier system with the enactment of the Primary School Law, authorizing each school district to elect three board members to act as the "intermediate" unit between the State Superintendent of Public Instruction and townships, whose duties included teacher candidate examination and school inspections, and reporting to the State Superintendent of Public Instruction. By 1840, there were 324 townships incorporated in 30 counties, having jurisdiction over 1,506 school districts with almost 50,000 school-age

¹ National Education Association, *Rankings & Estimates: A Report of School Statistics Update*, Fall 2004, Table 8, p. 6 at: <http://www.nea.org/edstats/images/04rankings-update.pdf>; National Center for Education Statistics, Table 191, "Percentage distribution of current expenditures for public elementary and secondary schools, by function and state: School year 2000-01," at: <http://nces.ed.gov/quicktables/Detail.asp?Key=993>; Representatives Ruth Johnson and Brian Palmer, *Macomb Daily*, "Bills will make sure funds get to classrooms," March 31, 2004.

children. Washtenaw County was the most widely settled county with 161 school districts located in 20 townships.²

Although the existence of intermediate school districts in Michigan is longstanding, their boundaries have always been, and continue to be, controversial. From the beginning of the 19th century, educators widely acknowledged that townships were inadequate for intermediate educational purposes. In 1841, State Superintendent Franklin Sawyer, Jr., in calling for the creation of a professionally trained county superintendent, criticized township boards of inspectors for being political appointees. Since 1837, township board of inspectors have had the statutory power to divide townships into districts, to annually examine all teaching candidates, and to visit each school at least twice a year. However, the law did not mandate that inspectors be certified teachers, have knowledge of teaching principles, or even know how to read and write. To Sawyer, the only qualifications a township inspector needed to demonstrate were an uncanny ability to “capture votes.” Sawyer’s call for reform, nevertheless, went unheeded. In 1863, only 54 percent of the 693 townships reported that all of their schools had been inspected at least once that year.³

After years of political pressure from the Office of the State Superintendent of Public Instruction and the State Teachers’ Association, which routinely railed against the “almost useless and farcical system of township inspectors”⁴ to improve the quality of teaching and school supervision, the Legislature enacted 1867 PA 55. This act provided for the creation of the office of county superintendent in all counties with at least ten school districts. This two-year, full-time position was authorized to examine and certify teachers, to visit township schools once per year, to provide counsel to teachers and district boards, to investigate school infrastructures and the needs of district and township libraries, and to ensure that teachers and students conformed to the rules and regulations of the state superintendent. Further, the act attempted to insulate the office from the township spoils system and the political whims of local township boards by making county superintendents popularly elected. However, the act failed to ensure qualified personnel by not statutorily mandating that superintendents be either a certified teacher or literate.

This law was unpopular with township officials. In addition to objecting to it because the law shielded county superintendents from the political intrigues of township government, townships complained that if the new teaching certification standards were rigidly enforced, then 1867 PA 55 would produce a teacher shortage. In fact, townships went so far as to accuse county superintendents of acting in concert with teachers in a scheme to

² George L. Jackson, *The Development of State Control of Public Instruction in Michigan*, Lansing: Michigan Historical Commission, 1926, 19-20; Michigan Department of Education, *Report of the Superintendent of Public Instruction of the State of Michigan of 1840*, Lansing: The Superintendent, 1840.

³ Jackson, *State Control of Public Instruction*, 286-289; Albert Foster Butler, *A History of Michigan Legislation for the County Educational Unit*, (M.A. Thesis) University of Michigan (1934) 2.

⁴ Jackson, *State Control of Public Instruction*, 296.

raise teachers' salaries through higher local property taxes. At the core of township opposition, however, was the admission that the county superintendent was an independent elective post that wielded much sway over township district schools. For the next eight years, local officials inundated the Legislature with petitions to abolish the position of county superintendent. In 1871, for example, the House Committee on Education took "great pains to enquire into the practical workings" of the law throughout the state. In reply to the charge that rigid enforcement of teacher certification laws was an undue burden on taxpayers, the committee stated "if those [township] inspectors had performed the duties, and spent the time required of them by law, the difference in expense would be trifling indeed. As it is now, we think no one will, upon reflection, seriously urge this objection." In response to the superintendent-teacher collusion allegation, the committee was not aware of "a single instance where too high wages are paid to those who are engaged in this most annoying, most thankless, but most important business." In fact, members believed that "the salaries paid female teachers are almost universally too small." The committee did recognize that some county superintendents were unqualified, but this situation was not a reflection upon the law, but upon voters who did not elect "good and efficient men." In conclusion, the committee could not "find a single educator of any prominence who advises a return to the old system, but all unite in a warm commendation of the present one." It strongly recommended that the office of county superintendent be retained.⁵

Despite the House Committee on Education's review of the county superintendent office, the Legislature repealed the position four years later. In its place, 1875 PA 42 authorized townships to elect or appoint a township superintendent to a one-year term. Although township superintendents were not required to be teachers themselves, they had the power to examine and certify teachers and, presumably to save taxpayer dollars, to revoke any teaching certificate issued by their county predecessors. Ironically, in 1879 many townships appealed to the state superintendent, recommending that the Legislature reinstate the office of the county superintendent. Since the abolition of that office, teacher qualification standards had been lowered 50 percent and teacher salaries had dropped 25 percent, resulting in significant decreases in rural school attendance.⁶

By 1891, each of today's 83 counties had been organized, with 666,391 children enrolled in 7,220 local school districts. These figures represented a 13.6 percent increase in the number of districts and a 31.6 percent increase in the number of students since 1880. To account for these rapid increases, the Legislature decided that local districts needed to be held under greater county supervisory scrutiny. That year, the Legislature changed the location of the intermediate educational unit from the township back to the county. This act provided the basis for which ISD board members are chosen today. Pursuant to 1891 PA 147, the county boards of supervisors "elected" a county commissioner of schools for

⁵ *Ibid.* 299; *Journal of the House of Representatives*, Part II, Lansing: W.S. George, (1871) 950-955; Midwest Administration Center, The University of Chicago, *Report of the Michigan Committee For the Study of the Intermediate Union of School Administration*, December 1955.

⁶ Jackson, *State Control of Public Instruction*, 301-308.

their respective counties, whose term of office was for two years. The board of supervisors also “appointed” two persons as school examiners, who, together with the commissioner, constituted a board of school examiners who supervised county schools. The law did not specify whether or not these elections or appointments were done by secret or public ballot or by voice vote. Further, the act mandated that the county commissioner of schools shall be a college graduate or hold a state teaching certificate.⁷

LAND USE CHANGES AFFECT COUNTY EDUCATION

Between 1900 and 1940, Michigan’s population more than doubled, resulting in dramatic changes in land use. At the start of the 20th century, almost 75 percent of Michiganders resided in rural locations. In contrast, prior to America’s entry into World War II, almost 55 percent of residents lived in cities and suburbs. Over this period, the state’s urban population increased by 263 percent compared to a 23 percent growth in agrarian population. The industrial counties of Genesee, Oakland, and Wayne led the way with population increases of 445 percent or more. On the other hand, 24 rural counties (29 percent of all state counties) reported population losses. This population shift was compounded by adjustments in aggregate wealth. In 1900, 29 agricultural counties controlled 46 percent of the state’s taxable wealth. By 1942, the state equalized value (SEV) of real and personal property in these counties had fallen 17 percent. In comparison, the 7 industrial counties (8 percent of all state counties) saw their SEV rise from 34 percent of the state’s taxable wealth in 1900 to 62 percent in 1942.⁸

This migration of people and wealth had a profound impact on county school commissioners. The rural population exodus coupled with the burgeoning growth of cities led to greater prestige of city school superintendents at the expense of rural school commissioners. The loss of status was soon followed with reductions in administrative authority. In 1921, the Legislature enacted PA 52, mandating that all teachers have a year of professional training beyond high school and predicated certification upon the completion of specific academic courses. By making teacher certification criteria less subjective, the Legislature eliminated the one issue, teacher certification, which had led to the very creation of the county office. The influence of commissioners was abridged the following year with the passage of 1922 PA 317. This act permitted villages and cities employing six or more teachers to hire a school superintendent whose supervisory powers included the right to hire teachers, to suspend them for cause, and to determine their compensation. Moreover, the Legislature trimmed down the office’s responsibilities to the point that it was largely clerical in nature. Commissioners were answerable for collecting statistics from local districts and transmitting the compilations to the state;

⁷ *Official Directory and Legislative Manual of the State of Michigan for the Years 1893-4*, Lansing: Robert Smith, 1893, 471; Clair L. Taylor, “Development of County School Administration,” *Michigan Education Journal*, February 1, 1955, 252; Midwest Administration Center, The University of Chicago, *Report of the Michigan Committee For the Study of the Intermediate Union of School Administration*, December 1955, 9-19.

⁸ Michigan Public Education Study Commission, *The Improvement of Public Education in Michigan: The Report of the Michigan Public Education Study Commission*, 1944, 167-172.

enforcing state policy; conducting training schools for school board members; registering people for the draft; collecting scrap; issuing ration cards; heading county drives for charitable organizations; and auditing school claims and accounts.

In 1935, the Legislature enacted PA 117 (County School District Act), which, in effect, sounded the death knell for the office of the county school commissioner. Under the act, all counties with populations of at least 250,000 were required to become county school districts. At the time, it only applied to Wayne County. In addition, the three-member county board of school examiners was abolished and replaced by a five-member county board of education. Board members were “elected” by ballot at a meeting of all county school officers. The provision did not stipulate whether or not the ballot was secret or not. Also, the position of county school commissioner was abolished and replaced by the county superintendent of schools. Under the act, the board was authorized to “employ and contract” with a county superintendent for not more than four years.

MICHIGAN PUBLIC EDUCATION STUDY COMMISSION

As the administrative and supervisory obligations of the county school commissioner were parceled out among constituent school districts, the Executive Branch recommended the complete elimination of the county intermediate educational unit. In 1942, Governor Murray D. Van Wagoner created the Michigan Public Education Study Commission to examine the state of public education and to make recommendations to the Governor and the Legislature. In 1944, the commission reported that rural school-children were being deprived of a worthy education. As a result, chronic absenteeism, illiteracy, and child labor were outcomes of a rural district system mired in the pioneer age. In fact, the commission revealed that 95.7 percent of the 6,274 districts which enrolled 28 percent of all school-age children were “submarginal” or incapable of imparting at least 50 percent of the needed capital to adequately educate the pupils within their boundaries. The principal problem was that there were too many rural districts. Thirteen percent of students (122,828 children) were situated in 4,694 districts with populations of less than 1,000 and an average of 6 teachers or less. On the other hand, 60 percent of students (636,992 children) were located in just 208 districts, or 3.3 percent of all state districts. To improve the health of rural education, the commission recommended massive district consolidation by eliminating the five types of rural districts — graded, township, rural agricultural, primary, and special act districts of less than 10,000 population — under the authority of the county school commissioners. These districts would be compacted into 253 fourth-class districts, a reduction of 95.7 percent of the total number of existing districts, under the control of local boards of education. Once the reorganization plan was approved by local voters, the office of county commissioner would then be abolished.⁹ Although the Legislature did not act upon the commission’s recommendations, in 1949 it enacted PA 217 repealing the 1935 population requirement and mandating the creation of county school districts across the state.

⁹ Michigan Public Education Study Commission, *The Improvement of Public Education in Michigan*, 15, 167-186, 251, 261-266.

Interestingly, the waning influence of the county school commissioner coincided with the office becoming increasingly politicized. In 1901, the Legislature enacted PA 35, mandating for the first time since 1867 that county school commissioners be popularly elected. In 1931, the Legislature passed PA 122, requiring commissioners to file nominating petitions with the county clerk. Four years later, the office was further politicized with the enactment of PA 233, stipulating that county school commissioners be nominated by county convention delegates. Even though the position required the occupant to hold a college degree or a teaching certificate, it was nevertheless filled by political figures, which drew the ire of educators. Commissioners tended to be politicians because many educators disliked the secretarial nature of the position and considered it demeaning to have to curry support among local school officials and campaign for office before the electorate.¹⁰ It is probably no coincidence that when the first county school district was created in Wayne County in 1935, the superintendent was not popularly elected, but an appointed employee of the district board. Over the ensuing years, superintendents were granted broader regulatory and administrative authority compared to their county school commissioner predecessors. In turn, the office was increasingly professionalized. Superintendents were statutorily required to have 45 months' experience as a public school teacher, to hold a state certificate, to be a college graduate or teacher's college graduate, and to hold either a BA or BS and MA degrees in counties with more than 30,000 inhabitants.¹¹

COUNTY SCHOOL DISTRICT CONSOLIDATION

At least since the release of the 1944 Michigan Public Education Study Commission report, many educators sought to alleviate rural Michigan's longstanding educational woes, due in part to the relative lack of taxable wealth, by equalizing individual educational opportunities through local and county school district consolidation. Under 1947 PA 269, the Legislature encouraged county district consolidation by allowing two or more adjoining counties having a population of less than 15,000 each to form a single district by referendum. Further, counties with populations of less than 15,000 were permitted to combine with adjacent counties with populations larger than 15,000, subject to referendum. However, not one of the 29 eligible counties sought consolidation. It is conceivable that many of these counties were hesitant because any financial savings accrued through consolidation would have been offset by the loss of local educational control. However, with the passage of 1956 PA 215 and 1958 PA 95, counties were given the financial incentive to unite into multi-county districts. The acts allowed any county or local school board to administer and operate special education programs if a

¹⁰ Albert L. Deal, "Michigan ISDs—35 Years," Speech before the Michigan Association of School Administrators, 1998, 2-3; Jackson, *State Control of Public Instruction*, 306-307.

¹¹ *Official Directory and Legislative Manual of the State of Michigan 1947-1948*, Lansing, 1947, 185. The eligible counties included Oceana, Lake, Antrim, Benzie, Kalkaska, Leelanau, Missaukee, Alcona, Arenac, Clare, Crawford, Gladwin, Iosco, Ogemaw, Oscoda, Osceola, Roscommon, Charlevoix, Cheboygan, Montmorency, Otsego, Presque Isle, Alger, Luce, Mackinac, Schoolcraft, Baraga, Keweenaw, and Ontonagon.

majority of their electorate agreed. They also permitted counties to levy special education taxes, to hire special education teachers, to construct and equip special education facilities, and to transport disabled children to school. To coordinate these expensive and highly specialized services, many cost-conscious educators lobbied the Legislature to create new intermediate school districts to act as cooperative educational service agencies.¹²

CREATION OF THE INTERMEDIATE SCHOOL DISTRICT

In 1962, Representative Clarence B. Meggison sponsored PA 190 (House Bill No. 266), which converted all county school districts into intermediate school districts (ISDs). The act was important not only because it formed the modern day ISD, but also because it continued the apolitical nature of the old county school district system. For instance, ISD superintendents were ISD board employees not political appointees. Further, intermediate districts were legally constituted, separate governmental units that functioned between the Michigan Department of Education and the local constituent districts. More importantly, the act provided a narrowly tailored referendum procedure that appealed to those constituent board members who viewed running for elective office disdainful. Under the act, a local school board could choose one of its own to be an ISD board member or ISD membership was subject to a popular election. The latter alternative was restrictive in that it required ISD electors to first pass a referendum permitting the popular election of board members. This referendum, however, could only be held if a majority of constituent school boards representing more than 50 percent of the district's children had adopted resolutions calling for popular elections within a 3-month period. Critics argued that the formula inherently limited popular control over ISD boards, particularly in cases where the boards were dominated by one or two constituent districts. Critics also pointed out that there was no legal mechanism by which the electorate may bypass unresponsive constituent boards and directly request that the matter be put to a vote. Further, opponents objected to the fact that ISDs were not subject to the Open Meetings Act and therefore constituent school districts could elect ISD board members through a secret ballot.¹³ Initially, popular representation and public ballots were not burning issues because intermediate districts functioned primarily as auxiliary service agencies. However, ISDs came under greater scrutiny to become more democratically accountable as their budgets dramatically increased and their service responsibilities grew.

Intermediate school districts were imparted with broad authority, or at least in comparison to those enjoyed by their county predecessors. Under 1962 PA 190, ISDs were required to enforce a wide range of state finance, transportation, and education statutes; to preside over school district boundary alterations, annexations, consolidations; to promote area-wide studies for school district reorganization; and to the allocation of delinquent taxes to local school districts. Further, the act granted ISD permissive authority to operate special education programs, to employ special education teachers, to provide for special education transportation, to purchase special education supplies and

¹² Deal, "Michigan ISDs—35 Years," 2-3.

¹³ Attorney General Opinion No. 5412, issued December 20, 1978.

equipment, to secure special education-related office space and supplies, and to levy district-wide millages for disabled children education. If a constituent district opted not to offer special education programs, the ISDs were permitted to provide them.¹⁴ The act also permitted intermediate districts to operate juvenile schools for wards of the court; to operate day-care centers for severely mentally disabled children; and to direct, supervise, and conduct a wide variety of cooperative educational programs on behalf of their constituent districts. In part, these programs included specialized children's clinics, instructional materials, libraries, instructional consultants, and faculty in-service educational programs. ISD authority was further enlarged under 1964 PA 289, giving districts a key role in reorganizing local school districts into strong K-12 units. Two years later, 1966 PA 114 allowed district voters to decide whether or not to operate area vocational-technical education programs. If voters approved, then ISDs had the power to impose a corresponding tax to pay for said programs. In the same year, the Legislature enacted PA 21, giving ISDs permission to issue bonds for the construction of ISD office and service buildings along with the authority to finance the construction and maintenance of area vocational-technical facilities.

To a certain extent, the creation of intermediate districts was a boon to rural and poorer school districts which, unlike wealthier industrial districts with larger tax bases, were unable to provide the essential services required for maximum educational opportunities. Under 1962 PA 190, contiguous ISDs with relatively equal SEVs (state equalized valuations) found it advantageous to pool their economic assets to equalize district-wide educational services. Within a decade, the 15 Upper Peninsula intermediate districts consolidated into 7 districts. Also, 5 upper Lower Peninsula intermediate districts consolidated into one district. By 1971, there were 59 intermediate districts, a reduction of 14 districts since 1962. Despite consolidation, intermediate districts varied greatly in their geographical size, school population, the number of constituent districts served, and property tax bases, thus affecting the quality and comprehensiveness of district educational services. Both the Michigan State Board of Education and the Michigan Department of Education (MDE) believed that 1962 PA 190 failed in the sense that it did not spur further intermediate district consolidation. According to the MDE:

- Enrollment sizes ranged from 944 pupils in Lake ISD to more than 1 million students in Wayne ISD.
- 19 ISDs had fewer than 10,000 enrolled pupils.
- 38 ISDs had fewer than 10 constituent districts, compared to 21 districts in Genesee, 28 in Oakland, and 36 in Wayne.
- 27 ISDs had SEVs under \$200 million, the lowest being Lake (\$27 million). Wayne, Oakland, and Macomb each, in turn, had SEVs over \$1 billion.¹⁵

¹⁴ Special education programs did not become mandatory until the enactment of 1971 PA 198. Until its passage, a majority of ISD electors had to pass a ballot measure approving of their operations.

¹⁵ Michigan Department of Education, "Reorganization of Intermediate School Districts in Michigan: A Position Paper," June 29, 1971, 5.

THE THOMAS REPORT AND ISD REORGANIZATION

In 1965, the Legislature appropriated money to the MDE to commission a study on school finance. Three years later, the Thomas Report noted that many intermediate districts were “excessively small,” resulting in large discrepancies in tax bases and wide variations in educational opportunities. Furthermore, the report declared that because the unit costs of programs and services were subject to economies of scale, larger districts were able to provide a wider variety of educational opportunities at lower total cost per student. In order to provide all students with the same educational opportunities, the report recommended that the Governor appoint a commission to develop an ISD reorganization master plan. It also suggested that each intermediate district needed a minimum of 25,000 students. In 1968, 41 of the 58 ISDs had student populations under the recommended threshold.¹⁶ The following year, the Bureau of School Services of the University of Michigan concurred with the Thomas Report, adding that the Legislature should reduce the number of ISDs to no more than 35 with minimum enrollments of 25,000 pupils.¹⁷

THE MILLIKEN COMMISSION AND ISD REORGANIZATION

Following the recommendation of the Thomas Report, Governor William Milliken chaired his own commission on educational reform in 1969. In a scathing assessment of intermediate districts, Milliken stated:

At one time in our history they [intermediate school districts] served a useful purpose and a few, within present limitations and under great handicaps, have tried effectively to respond to current education needs. Too confined to take advantage of many advances in modern technology, which require large populations to achieve economies of scale, the intermediate districts, in most cases, are a largely ineffective part of our educational structure. Lacking well-defined goals, adequate financing, or vital administration, most intermediate districts play no important role in educating our children. The future holds no meaningful place for them in their present form.

In part, the Governor’s commission recommended that intermediate districts be discontinued and a special commission established to develop boundaries for between 10 and 15 regional education areas subject to legislative approval.¹⁸ In October 1969, Republican Senator Emil Lockwood introduced Senate Bill No. 1076, which would have

¹⁶ MDE, *School Finance and Educational Opportunity in Michigan: Michigan School Finance Study/A Report by J. Alan Thomas*, Lansing, 1968, 343-344.

¹⁷ *The Britton Committee for Legislative Action on the Thomas Study. Recommendations on School Finance and Educational Opportunity*. Ann Arbor: Bureau of School Services, University of Michigan, 1969, 2, 10.

¹⁸ Governor William G. Milliken, *The Governor’s Commission on Educational Reform*, 1969, 2, 3, 7.

enacted Governor Milliken's recommendations. Despite a Senate Republican majority of 20 to 18, the measure was reported out of committee without recommendation before being re-referred to the Committee on Education where it subsequently died. The bill was disparaged as being heavy-handed because the special commission was not required to consult with local school boards or hold public meetings around the state. Critics also charged that reorganization threatened to subvert local control by giving the Governor too much power over educational policy through the appointments of the regional directors.¹⁹ In 1971, the MDE and Governor Milliken endorsed the third ISD reorganization plan in three years. Introduced by Republican Senator Gilbert E. Bursely, Senate Bill No. 365 would have required:

- A 7-member ISD reorganization committee, appointed by the Governor.
- Reorganization committee to submit to Legislature a plan calling for no more than 25 or fewer than 15 reorganized districts.
- Automatic effectuation of proposed plan within 30 days, unless rejected or amended by the Legislature.
- All intermediate districts to provide uniform educational programs and services.
- Elimination of popularly elected ISD boards.
- Constituent school board members shall have weighted votes according to their school enrollments.
- Newly consolidated districts may levy the lowest annual property tax rate as approved by voters in the original intermediate district.
- If one original ISD has adopted a fixed millage, then property taxes at the highest rate available in the county which contains the greatest part of the area of the district may be imposed and collected throughout the newly consolidated district.²⁰

The measure passed the Senate, which was evenly split between Republicans and Democrats (19 to 19) by a vote of 20 to 14. In protest, Republican Senators John Toepp and Alvin DeGrow maintained that it was their impression that the Governor's appointed commission ultimately would reorganize the state into 15 ISDs, consisting of the 7 single-county districts of Oakland, Wayne, Macomb, Kent, Genesee, Kalamazoo, and Saginaw and 8 multi-county districts, some comprised of between 12 to 15 counties. The dissenting Senators, as a result, believed that the bill was a "forerunner and a prelude" to a single statewide ISD, whose board would have tremendous authority.²¹ Later that session, the bill died in the House Committee on Education.

¹⁹ House Democratic Staff to Representative William A. Ryan, Office of the Speaker, *Comments on the Governor's Educational Reform Proposals*, [n.d.] 7-8.

²⁰ MDE, *Reorganization of Intermediate School Districts in Michigan: A Position Paper*, Exhibit E, June 29, 1971.

²¹ 1971 *Journal of the Senate*, 1322-1323.

THE MICHIGAN EFFICIENCY TASK FORCE AND REORGANIZATION

In 1975, Governor Milliken, in an effort to manage a state budget that had ballooned by more than 50 percent from \$4.2 billion in 1972 to a proposed \$6.2 billion four years later, formed the Michigan Efficiency Task Force. The goal of the task force was to provide an alternative to tax increases by evaluating state department budgets and recommending ways to eliminate waste and duplication and terminate unneeded programs.²² In part, the task force recommended that the number of ISDs be reduced by some 60 percent from 58 districts to 22 districts, to coincide with existing Regional Educational Media Centers (REMC). Media centers were enacted pursuant to 1970 PA 55 (House Bill No. 3041) for the delivery of media materials to local school districts. With fewer administrators, superintendents, and staff, an estimated \$1.8 million annually would be saved and made available for enhanced services.²³ Challengers to the plan argued that the importance of local control over education trumped the allocation of additional dollars to the classroom.²⁴

BLUE RIBBON TASK FORCE AND REORGANIZATION

In 1976, the Michigan State Board of Education created the Blue Ribbon Task Force on Intermediate School Districts to examine the Michigan Efficiency Task Force's recommendations. The Blue Ribbon Task Force recommended that the 58 ISDs be reorganized over the next five years provided that the following factors were recognized: student population, taxable wealth, energy conservation, geographical character, density of population, cohesiveness of demographic factors, and assurance of cost effectiveness in the administration of programs and delivery of services. The task force also recommended that the state provide "substantial financial inducement to encourage reorganization."²⁵ During the 1977-78 legislative session no one sponsored the task force's proposed ISD reorganization plan. Instead, Representative Edgar Geerlings introduced 1977 House Bill No. 4124, which was similar to 1971 Senate Bill No. 365. The bill would have allowed for the establishment of a State Committee for the Reorganization of Intermediate School Districts to divide the state into not less than 15 nor more than 25 intermediate districts. It died in the House Committee on Education.

By 1980, the Michigan Board of Education (MBE) had been advocating ISD reorganization for fifteen years. From the board's perspective, the principal problem with intermediate districts was that their resources — students, staff, buildings, land, and property valuations — were not properly aligned to meet the educational needs of students. For the past ten years, according to the MBE, school district student

²² Senate Concurrent Resolution No. 320 in 1976 *Journal of the Senate*, 109-110.

²³ Michigan Efficiency Task Force, *Summary Findings and Recommendations*, (November 1976), 35.

²⁴ *The Detroit News*, "Review of Mission Needed for Intermediate School Districts," February 21, 2003.

²⁵ *Report of Blue Ribbon Task Force on Intermediate School Districts*, January 7, 1977, 22 and 27.

membership had decreased by nearly 300,000 pupils. Over the same period, 50 of the 58 intermediate districts suffered student population losses. Furthermore, the state was expected to lose another 180,000 pupils by the 1984 school year. The only way in which students from across the state could be assured of enhanced services was through the reduction of districts through reorganization.²⁶ During that session, the Legislature took another bipartisan crack at ISD reorganization. Democratic Senator Kerry Kammer introduced Senate Bill No. 873. The measure was a restatement of Governor Milliken's Efficiency Task Force's recommendation to reorganize intermediate districts coterminous with the boundaries of the 22 REMCs. The act would have:

- Guaranteed the employment of administrative, supervisory, teaching, and certificated support personnel for 5 years.
- Continued the annual property tax millage rates for special education and vocational-technical education programs that had been approved by voters in the original ISD in the reorganized district as long as the millage rates among the original districts were identical. If the original district had different rates, then districts would remain distinct, except for central administrative purposes, until a property tax millage rate for the reorganized district was approved. If a new rate was not approved, the old rates would remain in effect.
- Appointed a 7-member reorganization committee to monitor all reorganization procedures.
- Ensured that any ISD that failed to comply with the bill would forfeit all state school aid financial benefits.
- Provided for a host of new ministerial functions and responsibilities.

During the winter of 1979-80, Senator Kammer and the Senate Appropriations Subcommittee on School Aid, which he chaired, held several public hearings across the state on ISD reorganization. The vast majority of testimony criticized the act for the following reasons:

- ISDs had the option to reorganize voluntarily if they chose to.
- District electors were not allowed to vote on the matter.
- Popular election of ISD board members was not provided for.
- Local control was completely lost.
- Further centralization of ISD services would be counterproductive because the transportation of students, personnel, and equipment throughout larger geographic areas was not cost-effective or reasonable.
- Equalization of millages within an ISD district was not guaranteed, causing the dilution of programs and services.
- Dedicated revenue sources to pay for the host of new services were not provided.
- REMC boundaries were impractical because of geographical size. For example, REMC 3 and REMC 12 consisted of 10 and 14 counties, respectively.

²⁶ Barbara Roberts Mason, President, State Board of Education, "Remarks on 1980 Senate Bill No. 873 Before the Senate Appropriations Subcommittee on Education," March 27, 1980.

- Guaranteeing employment for up to 5 years was neither an efficient nor effective ISD organization.²⁷

The bill died in the Senate Committee on Education. The next session, Senator Kammer promised to reintroduce an amended version of Senate Bill No. 873, but he did not.²⁸ The troublesome issue of ISD reorganization that had been championed by both Republicans and Democrats for the past 15 years had been defeated. The topic would not be introduced again for almost another 15 years.

POPULAR ELECTION OF ISD BOARD MEMBERS

In addition to reorganization, the other controversial ISD-related issue was the manner in which board members were chosen. In 1976, the issue of popularly elected ISD board members was the only matter that divided the Blue Ribbon Task Force. In dissent, 7 of the 22 members recommended that ISD boards be popularly elected, in part, because:

- All school boards in Michigan are elected by popular vote—from local districts to the State Board of Education;
- ISDs are operating school districts;
- The manner in which they are now elected is not representative of the constituent student population.²⁹

By 1980, of the 58 intermediate districts only 4 were popularly elected.³⁰ Reform advocates held that because ISDs controlled significant amounts of education dollars and, in some instances, were completely responsible for special education and/or vocational-technical education, it was important that they become more accountable to the general public. That year, Representative Geerlings introduced House Bill No. 4342, which would have required popular election of intermediate district board members. The measure died in the House Committee on Education. Also in that session, Senator Stephen Monsma introduced Senate Bill No. 573. Although the bill would not have mandated popular elections of ISD boards, it would have made the procedure less restrictive. In part, the bill would have required those intermediate districts that did not popularly elect its board members to submit the question to electors if the intermediate board received valid petitions from two thirds of the constituent districts. The Michigan Association of School Administrators opposed the bill, in part, because ISDs, in most cases, acted merely as service agencies, complimenting constituent districts. As such, intermediate districts were already accountable to popularly elected constituent boards. The bill died in the Senate Committee on Education.

²⁷ *Michigan Report*, January 2, 1980; Senate Fiscal Agency, Senate Bill No. 873.

²⁸ Senator Kerry Kammer, "Memorandum: Intermediate School District Superintendents and Others," July 16, 1981.

²⁹ Michigan State Board of Education, *Report of Blue Ribbon Task Force on Intermediate School Districts*, January 7, 1977, 11, 22, 34.

³⁰ Charlevoix-Emmett, Crawford-Oscoda-Ogemaw-Roscommon, Gogebic-Ontonagon, and Midland

REGIONAL EDUCATIONAL AND SERVICE DISTRICT BOUNDARY COMMISSION

During the 1990s, legislation to reorganize ISDs was introduced only during the 1993-94 session. In 1992, Governor John Engler issued an executive order establishing the seven-member Michigan Public-Private Partnership Commission. In order to reign in excessive spending, eliminate wasteful and unnecessary spending, and streamline the delivery of government programs and services, the commission identified over two hundred specific activities that should be analyzed. Though ISDs were not specifically mentioned, Representative Leon Stille introduced House Bill No. 5122 in 1993. The measure would have created the Michigan Regional Educational and Service District Boundary Commission to develop a plan for reorganizing the various regional service educational services, intermediate districts, and community college districts. The boundary commission's intent was to ensure the most cost-effective delivery of educational services and identify functions that should be privatized. The House passed the legislation on a vote of 64 to 38. The bill died in the Senate. An identical bill (Senate Bill No. 879) was introduced that year by Senator Faxon. It, too, died in the Senate Committee on Education.

In a related matter, Representative Don Gilmer sponsored PA 336 (House Bill No. 5123). This act, which was a pivotal part of Proposal A, eliminated most of the categorical aid grants for ISD programs, including school district consolidation, technologically enhanced curricula choices grants, dropout prevention, alternative juvenile rehabilitation, regional educational media centers, ISD Schools of Choice, school-age parent, and school improvement grants. Categorical payments for continued special education, special education transportation, early childhood and adult education, and vocational education. This act was important because revenue that would have gone directly to the ISD and was the main source of ISD funds was rolled up into a per-pupil foundation grant to each local district. Typically, many programs disappeared as local districts used grant dollars to deal with inflationary needs and contract negotiations. As a result, local districts no longer purchased as many ISD-type services and culminated in the discontinuation of many services and programs. In many instances, ISDs were responsible for only special education and vocational education.³¹

³¹ Senate Fiscal Agency, *Michigan School Finance Reform Analysis of the Enacted School Finance Education Reform Package*, October 1994, 19-24; House Legislative Analysis Section, House Bill No. 5123 as introduced, October 12, 1993.

CURRENT ISD SERVICES

Michigan's 57 ISDs and their constituent districts together determine which services best serve their region. Because their resources, demographics, geography, and community needs vary widely, ISDs offer a wide array of customized services. The following are examples of instructional services provided:

General Education

- Support for the Michigan Curriculum Frameworks, a resource for helping state public and private schools design, implement, and assess their core content curricula.
- Professional development.
- MEAP assessment.
- Grant writing.
- School improvement plans.
- Parent education.
- Gifted and talented programs.
- Accreditation assistance.
- Early childhood education.
- School safety.

Career and Technical Education

- Support and/or delivery of local school-based vocational classes.
- Career technology center classes.
- Career information and student training.
- Specially designed training for an existing workforce.

Special Education

- Assist students with disabilities in selecting devices to maintain or improve their functional capabilities.
- Provide services for children under the age of 3 years and their families to assist in helping children reach their potential.
- Provide physical therapy to students.
- Assist districts in complying with state and federal rules and regulations.
- Collect data for local, state, and federal reports and to determine trends.
- Coordinate student activities from school to postschool, including postsecondary education, vocational training, employment, and continuing education and independent living.
- Assist constituent districts in areas of finance, law, problem solving, and data collection.

Administrative Services

- Pupil accounting.
- Student record processing.
- Centralized payroll and data processing.
- Finance services.
- Purchasing cooperatives.
- Transportation services.
- Truancy services and court liaison work.
- Wide array of consulting activities to assist constituent district operations in professional negotiations, finance and accounting, communications, and legislation.
- Public relations.
- Substitute teacher hiring.
- Liaison between Michigan Department of Education and constituent districts.

Technology Services

- WAN/LAN (voice, video, and data transmissions) connectivity.
- Internet access.
- Media/library.
- Web site development.
- Technical assistance.
- Virtual programming.

Collaborative Partnership Services

- Connect ISDs and constituent districts with local communities, county or regional human service agencies, non-profit agencies, colleges and universities, nonpublic schools, and the greater business community in order to benefit adult and K-12 students.

Research and Development

- Design models for educational planning, programming, and decision-making.
- Maximize the effective use of technology for instruction and administration.
- Identify and expand educational best practices.
- Investigate and pilot non-traditional forms of instruction and delivery of educational services.³²

³² Michigan Association of Intermediate School Administrators, "Michigan's Intermediate School Districts Leaders for Educational Excellence: The Mission, Role, and Essential Services of Michigan's Intermediate School Districts," May 2001, 5-10 at: http://www.gomaisa.org/Resources/essential_serv_fulldoc.pdf

OAKLAND ISD CONTROVERSY

In June 2002, OISD employees hand-delivered an 8-page memorandum to the Oakland Board of Education citing numerous complaints against OISD Superintendent James Redmond and the OISD board. In particular, OISD employees reported chronic mismanagement, conflicts of interest, nepotism, misuse of public funds on the part of OISD officials, along with concerns about Redmond's relationship and involvement with The Minds Institute, an on-line multimedia company of which Redmond served as the President of the Board of Directors, and DataServ Integrations, a professional technology consulting service.³³ According to the *Detroit Free Press*, The Minds Institute was a front organization for DataServ, using its Farmington Hills-based office space, employees, and equipment. In response, the board of education hired the Whall Group to audit OISD finances. In January 2003, the Whall Group released its report, which called into question many of Redmond's actions, including his approval of no-bid contracts with the above-mentioned firms.³⁴ Afterward, the board fired Redmond for a multitude of indiscretions. In March 2004, the Michigan Attorney General charged Redmond with one felony count of embezzlement by a public official, one felony count of misconduct in office, and one misdemeanor count of having a contractual conflict of interest. Redmond, in February 2005, was convicted of misconduct in office and conflict of interest. He faces up to five years imprisonment and a \$10,000 fine. He was acquitted of the embezzlement charge.³⁵

In May 2003, Representative Ruth A. Johnson was appointed chair of the bipartisan House Subcommittee on Intermediate School District Review. Pursuant to House Resolution No. 60, which passed by a vote of 61 to 44, the subcommittee was given subpoena power, granting it power to administer oaths, take sworn testimony, and examine files and records regarding the OISD. From May to December 2003, Representative Johnson made 38 Freedom of Information Act (FOIA) requests to the OISD, which included employee W-2 records for 2003, business contracts with nearly 200 companies, senior administrator and board member travel records, board of education minutes, and OISD administrator employment contracts. In March 2004, the subcommittee held subpoena hearings with 15 past and present OISD employees. Between the subcommittee findings and those uncovered by the *Detroit Free Press*, a host of questionable activities were exposed.³⁶

³³ Confidential Letter from Sherry McMillan, OISD Human Resources Director, to Dr. Wanda Cook-Robinson, Oakland Schools Assistant Superintendent, June 18, 2002; Also see Letter from Guy Blackburn, OISD Policy Analyst, to Tom Watkins, State Superintendent of Schools, December 19, 2001.

³⁴ The Whall Group, *Oakland Schools Board of Education: Report and Recommendations*, January 7, 2003 at: http://www.oakland.k12.mi.us/about/wg_full.html; See also, The Whall Group, *Status Report on the Whall Group Recommendations and Oakland Schools Board of Educations Actions*, February 10, 2004 at: http://www.oakland.k12.mi.us/about/StatusRptWhallRpt_corrected.pdf

³⁵ *Detroit Free Press*, "School cash wasted on high-tech schemes," January 29, 2004; *Detroit Free Press*, "Ex-Oakland Schools chief faces felonies," March 30, 2004; *Detroit Free Press*, "School waster. James Redmond's conviction sends needed message," February 3, 2005.

Perhaps the most egregious of the OISD questionable activities involved spending special education revenue on its new \$30 million headquarters. In the autumn of 2001, OISD voters were asked to approve a special education and vocational education millage increases of 1.1704 and 0.2279, respectively. If passed, owners of homes worth \$150,000 would pay an additional \$104.87 in new taxes annually. To persuade voters to pass the \$66 million annual millage, the OISD spent \$350,000 on the election and sent its 28 constituent school districts' homeowners letters depicting a wheelchair-bound little girl and a blind boy walking with a cane. The measure passed with nearly 7 percent of registered voters casting ballots. Shortly after the election, the OISD announced it was constructing its new facility to house its nearly 600 administrators. Unbeknownst to district electors, the special education fund provided \$15.5 million (52 percent), the vocational education fund provided \$3.1 million (11 percent), and the general fund provided \$10.8 million (37 percent) of the building's cost.

Other questionable activities included:

- The Minds Institute and DataServ, a telecommunication firm that employed Superintendent Redmond's son, together received in excess of \$2.4 million in taxpayer money.
- DataServ, acting as a consultant to the OISD, pressured the district to award a \$1.2 million computer contract to a London-based telecommunications company, which was urged to redirect nearly \$940,000 of the work back to DataServ.
- OISD board routinely approved millions of dollars in no-bid contracts, ignoring policies designed to prevent misspending.
- Nine million dollars in special education funds were diverted to pay for a fiber-optic network.
- OISD board spent hundreds of thousands of dollars of taxpayer money on worldwide travel expenses, golf outings, crystal notepad holders, fruit baskets, custom-wrapped candy bars, throw pillows, cocktails, and a \$50,000 gift to the City of Detroit. Most of these purchases were invoiced as training or school improvement supplies.
- An assistant superintendent, two weeks shy of resigning her \$119,000 a year job, took an 18-day tour of Poland, attending no school conferences or seminars. She billed the district \$1,330 for the trip, 50 percent of the cost.
- Superintendent James Redmond collected \$270,000 a year in salary and stipends and was reimbursed for his social security taxes, and had an unrestricted expense account, from which he spent \$133,588 in 2002 alone. He also charged the OISD for personal flying lessons and negotiated more than \$680,000 in employee buyouts without board approval.
- Twenty OISD employees had gross annual salaries of \$100,000 or more.³⁷

³⁶ See Representative Ruth A. Johnson's Farewell to the House Speech, *Journal of the House*, December 9, 2004, pp. 2844-2853; For a compilation of articles on the OISD controversy, See *Detroit Free Press* at: <http://www.frelep.com/news/education/oisd.htm>

³⁷ *Detroit Free Press*, "Special ed fund use angers many," January 14, 2003. *Detroit Free Press*, "School bosses in Oakland wine, dine and live it up on taxpayers dime," August 22, 2003; *Detroit Free Press*,

ACCOUNTABILITY 101

The findings of the House Subcommittee on ISD Review culminated in the introduction of twenty-three bills, including **House Bill No. 5962** (Koetje). This bill would have allowed voters of Oakland, Macomb, Genesee, and Kent counties to eliminate ISD funding. After debts were paid off, all revenue would have been diverted to constituent districts. The measure would have allowed ISDs to continue to perform their duties and fund their activities by fees charged to constituent districts. Or it would have permitted constituent districts to directly provide services and perform functions for its pupils that were previously carried out by the ISD. The bill died in the House Committee on Education.

A far-reaching amendment was attached to **Senate Bill No. 599** (Basham). As originally passed in the Senate, the bill would have allowed school district employees to enroll their children in that district if the family did not live in the district. On June 24, 2004, the House amended the bill to allow electors of Genesee, Kent, Macomb, and Oakland intermediate districts to vote in 2005 to dissolve their ISD and turn over their operations to local school districts. On June 30, the amendment was withdrawn; the bill was placed on immediate passage and passed by a vote of 83 to 23. The next day, the Senate concurred and the bill was enrolled. The amendment, according to the press, was intended to catch the attention of ISD leaders, prompting them to compromise with Representative Ruth Johnson and Representative Brian Palmer, Chair of the House Committee on Education over the ISD Accountability 101 package.³⁸ This package, which became law on July 27, 2004, concentrates on ISD competitive bidding practices, ISD board membership, election reforms, and recall. Specifically, the package includes:

PA 232 (Caswell, House Bill No. 5376) this act tightens the competitive bidding process by requiring:

- ISDs to competitively bid construction and remodeling projects.
- ISD boards, school boards, and charter school boards of directors to post an advertisement for a bid on either the DMB website or a website maintained by a school organization in addition to posting an advertisement in a newspaper.
- Bids must be accompanied by a sworn and notarized statement disclosing any familial relationship existing between the bidder and any member of the school board, ISD board, or charter school board of directors, the school superintendent, the ISD superintendent, or the CEO of the charter school.

PA 233 (Gleason, House Bill No. 4947) this act clarifies procedures for ISD board selection under a constituent school district-selected board by:

"School cash wasted on high-tech schemes," January 29, 2004; *Detroit Free Press*, "District had millions, got voters to OK more," January 30, 2004; *Detroit Free Press*, "Concerned employees collected evidence," January 29, 2004. Mackinac Center for Public Policy, *Eliminate Intermediate School Districts*, August 21, 2003.

³⁸ *MIRS News*, July 13, 2004.

- Establishing a procedure for the designation of a constituent school district's representative to the body electing ISD board members.
- Requiring school boards to direct its representative to vote for a specific candidate.
- Requiring constituent boards to disclose its voting preferences for ISD members.
- Requiring ISD electoral bodies to be subject to the Open Meeting Act.

PA 234 (Ruth A. Johnson, House Bill No. 4338) The H-7 version of bill that had passed the House permitted citizens to bypass their constituent school boards and directly petition an ISD for the popular election of ISD school board members, and limited board members to three 4-year terms. At final passage these provisions were stricken. In part, the act:

- Allows citizens to recall ISD board members consistent with Michigan Election Law.
- Allows a majority of constituent district boards, plus one, to remove from office an ISD board member.
- Requires constituent school districts to review an ISD budget and then adopt a resolution supporting or disapproving it.
- Requires all ISD board officers to be members of the board.
- Allows the Governor to remove ISD board members if they were guilty of gross neglect of duty, corrupt conduct in office, or any other misfeasance or malfeasance in office

ISD ACCOUNTABILITY 102

ISD Accountability 102, which was signed into law on November 30, 2004, focuses on random performance audits; expense account, salary information, and outside contract payment disclosures; millage oversight; and conflict of interest violations. Specifically, the package includes:

PA 412 (Palmer, House Bill No. 5457) this act requires:

- ISDs to be subject to random audits conducted by an independent auditor under the supervision of the Department of Treasury.
- The Department of Treasury to select 5 ISDs for random audits every two years.
- An audit to address at least 3 aspects of an ISD operations.

PA 413 (Bradstreet, House Bill No. 5475) this act requires an ISD to post its most recent report on its website and provide a hyperlink to the Michigan Department of Education website. This report shall include the following:

- Traveling expenses of each ISD board member or employee totaling \$3,000 or more, and were paid for with ISD funds.

- A description of each contract that obligated the ISD for more than a particular amount, and each contract entered into with an entity in which a board member or administrator, or a member of that person's family, was known by the ISD to have a monetary interest.
- All motor vehicles weighting 7,500 pounds or less that the ISD owned or leased.
- Costs incurred for fiber-optic or cable equipment and related operating system software.
- The salary of, expense accounts provided for, and bonuses paid to any employee whose compensation package had a value in the top 3 percent of the ISD's employees.
- Payments made to nonemployees for public relations, polling, lobbying, or legal services.
- The amount paid to other individuals to whom the ISD paid income over \$25,000, indicating the services they provided, and specifying the projects for which they were contracted.

PA 414 (Ruth Johnson, House Bill No. 5627) this act requires each ISD to report its website address to the Center for Educational Information and Performance.

PA 415 (Ruth Johnson, House Bill No. 5839) this act:

- Permits the Department of Treasury to determine whether or not an ISD had misused either a special education or vocational education millage. If the department determines that a violation had occurred, then the ISD has 15 days to appeal the decision before the case is turned over to the Michigan Attorney General's office.
- Sets a 20-year maximum on the duration of an ISD-levied millage.
- Prohibits an ISD from using the proceeds of bonds used for vocational education or special education facilities, or levying a tax to repay those bonds, for any other purpose.

PA 417 (Ruth Johnson, House Bill No. 5850) this act prohibits ISD personnel from:

- Using ISD or public funds for alcohol, jewelry, gifts, golf fees, sporting or entertainment tickets, or any item whose purchase or possession is illegal. The offending employee is guilty of a misdemeanor punishable by imprisonment for up to 93 days and/or a fine ranging from \$1,000 to \$5,000.
- Violating the competitive bidding process. The offending person is guilty of a misdemeanor punishable by a fine in an amount equal to not more than 10 percent of the cost of the project involved in the violation, or imprisonment for not more than 1 year, or both.
- Using bond proceeds for purposes other than the purposes for which the bonds were issued. The offending person is guilty of a felony punishable by a fine in an amount equal to not more than 10 percent of the cost of the project involved in the violation, or imprisonment for not more than 4 years, or both.

PA 418 (Ruth Johnson, House Bill No. 5851) this act amends the Code of Criminal Procedure to include in the sentencing guidelines the felonies provided for in PA 417.

PA 419 (Ruth Johnson, House Bill No. 5921) this act:

- Requires no more than 3 ISD board members from serving as members of a constituent board of education.
- Requires ISDs to implement a conflict of interest policy.
- Prohibits ISD board members or ISD administrators from accepting anything worth more than \$44 a month from a person doing business with the ISD, without providing equivalent goods or services.
- Prohibits an ISD board from entering into a contract in which a board member or ISD administrator had a substantial conflict of interest.
- Requires ISD board members and ISD administrators and employees to disclose their relationship with, or a family member's employment by or ownership interest in, a business with which the ISD was considering entering into a contract.
- Requires an employment contract between an ISD school board and a school administrator to prohibit conduct involving moral turpitude.

CONCLUSION

The Ninety-second Legislature, prompted by the massive OISD scandal, enacted several reforms designed to ensure ISD accountability to taxpayers, parents, and public school students. However, the longstanding concerns of allowing citizens to directly petition their ISD for the right to popularly elect ISD school board members and the reorganization of ISD boundaries did not become law. In one form or another, the former issue has been around since 1867 when the Legislature provided for the popular election of the county superintendent, who acted akin to the present-day ISD board. Seven years later, the superintendent position was repealed. In 1901, the popularly elected position was reenacted only to be abolished again in 1935. Upon their creation in 1962, ISD boards were intended to be apolitical, in part, by the narrowly tailored referendum procedure that permitted the vast majority of board memberships to be "elected" by constituent boards of education. As a result, aspiring ISD board members do not have to campaign before the electorate. As long as ISD responsibilities remained largely clerical in nature, the popular election of board members was not a major issue. However, once ISD budgets dramatically increased and their service responsibilities grew, they came under greater pressure to be democratically accountable to the general public. In 1976, the popular election of ISD boards was the only issue to split the Michigan State Board of Education's Blue Ribbon Task Force. Four years later, two bills that would have reformed the process died in legislative committee. The matter did not arise again until the OISD scandal in 2002. That session, House Bill No. 4338 (H-7) would have permitted citizens to bypass their constituent school boards and directly petition an ISD for the popular election of board members. However, the provision was stricken upon final passage in the House. Unlike the election of ISD board members, reorganizing district boundaries has not been legislatively debated at length since 1962. The sole exception is 1993 House Bill No. 5122, which would have created a boundary commission to reorganize the

various regional service education services, ISDs, and community college districts. It passed the House but died in the Senate.

APPENDIX

2003-2004 ISD-RELATED BILLS

House Bill No. 4935 (Ruth Johnson) The bill would have allowed ISD electors to remove its ISD board members and to provide for an appointment of a 7-member accountability board, which would have exercised all the powers and duties otherwise vested by law in the ISD board. The bill died on Second Reading.

House Bill No. 4979 (Minore) The bill would have required constituent school boards to disclose their voting preferences for ISD members and subject the electoral meeting to the Open Meetings Act. The measure died in the Committee on Local Government and Urban Policy.

House Bill No. 5043 (Ruth Johnson) The bill would have subjected ISD board members to recall. Petitions would have had to be signed by a number of intermediate school electors equal to at least 10 percent of the number of votes cast for the Governor in the last election within the ISD territory. The measure died in the House Committee on Education.

House Bill No. 5108 (Ruth Johnson) The bill would have required ISD employees, administrators, and board members to report conflicts of interest. A conflict of interest includes, but is not limited to, the following:

- Accepting any form of compensation other than that rendered from the ISD for official duties.
- Participating in any business being transacted with or before the ISD board in which the officer or employee, or his or her parent, spouse, or child, has a financial interest.
- Using the position, title, or any related authority of the officer or employee in a manner designed for personal gain or benefit.
- Demonstrating, through work or other action in the performance of the official duties of the officer or employee, of any preferential attitude or treatment to any person transacting business with the ISD.

The bill died in the House Committee on Education.

House Bill No. 5458 (Woodward) The bill would have required a majority of constituent districts to approve an ISD budget. It passed the House by a vote of 160 to 0 and died in the Senate Committee on Education.

House Bill No. 5530 (Stahl) The bill would have required each ISD to appoint a special education parent advisory committee to participate in the development of the ISD's plan for the delivery of special education programs and services. The bill passed the House by a vote of 64 to 40 and died in the Senate Committee on Education.

House Bill No. 5541 (Ruth Johnson) The bill would have prohibited an ISD board member or ISD administrator in any 1-month period from accepting any money, goods, or services with a value in excess of \$44 from a person who does business or seeks to do business of any kind with the ISD as long as the board member or official does not provide goods or services of equal value in exchange. The bill died in the House Committee on Education.

House Bill No. 5542 (Ruth Johnson) This bill would prohibited an ISD from entering into a contract with an ISD contractor or an ISD subcontractor in any business enterprise in which the ISD board member or school administrator is employed, has an ownership interest in, or has a business affiliation. The bill died in the House Committee on Education.

House Bill No. 5628 (Amos) This bill would have required members of popularly elected ISDs to be elected from the newly devised voting districts provided for under House Bill No. 4338. The bill died on Third Reading.

House Bill No. 5871 (Pappageorge) This bill would have required an ISD board to not pay an ISD superintendent a salary that exceeds the base salary of the Superintendent of Public Instruction. The bill died in the House Committee on Education.

Senate Bill No. 643 (Cherry) This bill would have subjected the ISD electoral body to the Open Meetings Act. The bill died in the Senate Committee on Education.

Senate Bill No. 837 (Bishop) This bill would have subjected ISD electoral body members to recall by intermediate school electors. The measure died in the Senate Committee on Education.